

Message Text

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PAGE 01 BUENOS 05841 291947Z

16

ACTION TRSE-00

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2492

LIMITED OFFICIAL USE BUENOS AIRES 5841

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: GOA APPROVES INVESTMENT BANK PROPOSALS OF CHASE

MANHATTAN AND BANK OF BOSTON

REF: BUENOS AIRES 4783

1. SEVERAL WEEKS AGO, BEFORE ECONOMY MINISTER CAFIERO TOOK OFFICE, GOA APPROVED PENDING INVESTMENT BANK APPLICATIONS OF CHASE MANHATTAN BANK AND BANK OF BOSTON. APPROVAL HANDLED ROUTINELY AND GOA GAVE IT VIRTUALLY NO PUBLICITY.

2. CHASE MANHATTAN AND BANK OF BOSTON REPS TOLD EMBOFF THEY MILDLY SURPRISED GOA APPROVAL AFTER SUCH LONG DELAY. THEY FELT GOA PROBABLY SEEKING TO MAKE POSITIVE GESTURE TOWARD FOREIGN INVESTORS. HOWEVER, THEY ALSO CAUTIOUS, POINTING OUT PROJECTS NOW MUST BE SUBMITTED FOR CONGRESSIONAL APPROVAL, A PROCESS WHICH LIKELY TO BE DRAWN OUT AND CONTROVERSIAL. BANK OF BOSTON REP ADDED REGULATORY DECREE QUITE RESTRICTIVE, AND HE NOT EVEN CERTAIN BANK STILL INTERESTED IN PROJECT UNDER CIRCUMSTANCES. CHASE REP SAID HE PLEASED AT GOA FORWARD MOVEMENT, BUT DOUBTED IT WOULD MAKE ANY CHANGE IN CHASE'S DECISION NOT TO HEAD NEW BANK SYNDICATE FOR ARGENTINA (REFTEL).

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3. COMMENT: CAPITAL OF NEW INVESTMENT BANKS WOULD COME PRIMARILY
FROM PESO VALUE OF CERTAIN ASSETS PREVIOUSLY OWNED BY CHASE
MANHATTAN AND BANK OF BOSTON IN ARGENTINA, I.E.BANCO DE COMERCIO
IN CASE OF CHASE MANHATTAN AND BOSTON FINANCE COMPANY IN
CASE OF BANK OF BOSTON. WE DO NOT DISCOUNT SIGNIFICANCE OF
FACT GOA WILLING, AND ABLE AT THIS TIME, APPROVE INVESTMENT
PROPOSALS TWO LARGE AMERICAN BANKS.
HILL

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